

R865. Tax Commission, Auditing.

R865-19S. Sales and Use Tax.

R865-19S-120. Sales and Use Tax Exemption Relating to Film, Television, and Video Pursuant to Utah Code Ann. Section 59-12-104.

(1) The provisions of this rule apply to the sales and use tax exemption authorized under Section 59-12-104 for the purchase, lease, or rental of machinery or equipment by certain establishments related to film, television, and video if those purchases, leases, or rentals are primarily used in the production or postproduction of film, television, video, or similar media for commercial distribution.

(2) “Machinery or equipment” means tangible personal property eligible for depreciation under accounting standards.

(3) (a) “Tangible personal property eligible for depreciation under accounting standards” means tangible personal property with an economic life greater than one year.

(b) “Tangible personal property eligible for depreciation under accounting standards” includes tangible personal property that is not eligible for depreciation if that tangible personal property:

(i) is an incidental component of a transaction that is a purchase, lease, or rental of machinery or equipment; and

(ii) is not billed as a separate component of the transaction.

(c) “Tangible personal property eligible for depreciation under accounting standards” does not include tangible personal property with an economic life of less than one year and depreciated on the establishment’s financial records.

(d) There is a rebuttable presumption that an item of tangible personal property not shown as a depreciable asset on the financial records of the establishment is not eligible for depreciation.

(4) Transactions that do not qualify for the sales tax exemption referred to in Subsection (1) include purchases, leases, or rentals of:

(a) land;

(b) buildings;

(c) raw materials;

(d) inventory;

(e) supplies;

(f) film;

(g) repair or replacement parts;

(h) services;

(i) transportation;

(j) gas, electricity, and other fuels;

(k) admissions or user fees; and

(l) accommodations.

(5) (a) Except as provided in Subsection (5)(b), an item used for administrative purposes does not qualify for the exemption.

(b) Notwithstanding Subsection (5)(a), if an item is used both in the production or postproduction process and for administrative purposes, the item qualifies for the exemption if the primary use of the item is in the production or postproduction process.

KEY: charities, tax exemptions, religious activities, sales tax